

**U.S. Department of Housing and Urban Development
Office Community Planning and Development**

Special Attention of:

CPD Division Directors
All Entitlement CDBG Recipients
Insular Area and Hawaii Nonentitlement
CDBG Recipients

Notice CPD-12-012

Issued: June 19, 2012
Expires: June 19, 2013

Subject: Submission of Federal Financial Report – Standard Form 425

- 1. Purpose:** This Notice provides guidance for the Entitlement Communities, Insular Areas, and Non-Entitlement Counties in Hawaii under the Community Development Block Grant (CDBG) program on the submission of the Federal Financial Report (FFR)/Standard Form 425 (SF-425).

In accordance with the Notice that the Office of Management and Budget (OMB) published in the *Federal Register* on August 13, 2008, the Federal Financial Report (FFR)/Standard Form 425 (SF-425) replaced the Federal Cash Transactions Report (SF-272) and Financial Status Report (SF-269) on October 1, 2009.

The government-wide reporting requirements applicable to the CDBG program at 24 CFR 85.41 have been updated to incorporate the adoption of the FFR for purposes of reporting expenditures and cash management information. HUD is in the process of updating CDBG regulations at 24 CFR 570.502(a) to reflect this change. (Note: HUD will revise the Exhibit 3-18 in *CPD Monitoring Handbook 6509.2 Rev-6* to accommodate the use of FFR. For the interim period, answer questions #7a-d and #8 in “Section C: SF 272-Federal Cash Transactions Report” based on the submission of the FFR instead of the SF-272.

State CDBG grantees are not required to submit the FFR since this report is based on requirements contained in 24 CFR part 85. The regulations at 24 CFR 85.4(a)(2) stipulate that Subparts A-D of 24 CFR part 85 apply to all grants and subgrants to governments except the block grants authorized by the States’ Program of Community Development Block Grants for Small Cities, among other block programs.

- 2. Background:** OMB requires submission of the SF-425 report in an effort to obtain financial information from the recipients of Federal funding assistance. HUD must collect and review this report for compliance with applicable requirements. Before the FFR was adopted, CDBG grantees were not required to submit the SF-269 inasmuch as expenditures data were reported annually via the

Consolidated Annual Performance and Evaluation Report (CAPER) and more frequently in the Integrated Disbursement and Information System (IDIS). However, CDBG recipients were required to submit the SF-272 in order to provide HUD with information needed to evaluate compliance with the cash management requirements specified in 24 CFR 85.21. HUD still does not find it necessary for recipients to report expenditures data via the FFR and, accordingly, will continue to require recipients to submit only cash management information.

3. A hard copy (or a pdf file if transmitted electronically) of the SF-425 report shall be submitted to the CDBG recipient's local field office, which will review it for completeness and accuracy. The reporting frequency is the same as that previously required of the SF-272, i.e., quarterly. Recipients that have Section 108 loan guarantees outstanding will need to submit a separate SF-425 for their Section 108 account transaction.

Quarterly FFRs must be submitted to the respective field office within 30 days after the end of the reporting period. The following reporting-period end dates shall be used for quarterly reports: 3/31, 6/30, 9/30, or 12/31.

4. **Instruction for Completing an FFR:** Since expenditures information is captured by IDIS, CDBG recipients are required to only submit information relevant to the cash-on-hand items, lines 10a through 10c, and program income, lines 10l through 10o. The following instructions provide a line-by-line description of each component of the FFR.

A copy of the SF-425 is attached. The forms are available for downloading from the following

website: http://www.whitehouse.gov/sites/default/files/omb/assets/grants_forms/SF-425.pdf

5. Line Item Instructions for the Federal Financial Report

Line Number	Reporting Item	Instructions
Cover Information		
1	Federal Agency and Organizational Element to Which Report is Submitted	Dept. of Housing and Urban Development/xxx Field Office.
2	Federal Grant or Other Identifying Number Assigned by Federal Agency	<i>For the CDBG program, use the most recent grant number.</i>
3	Recipient Organization	Enter the name and complete address of the recipient organization including zip code.
4a	DUNS Number	Enter the recipient organization's Data Universal Numbering System (DUNS) number or Central Contract Registry extended DUNS number.
4b	EIN	Enter the recipient organization's Employer Identification Number (EIN).
5	Recipient Account Number or Identifying Number	Enter the account number or any other identifying number assigned by the recipient to the award. This is optional.
6	Report Type	Quarterly
7	Basis of Accounting (Cash/Accrual)	Specify whether a cash or accrual basis was used for recording transactions related to the award(s) and for preparing this FFR. Accrual basis of accounting refers to the accounting method in which expenses are recorded when incurred. For cash basis accounting, expenses are recorded when they are paid.
8	Project/Grant Period, From: (Month, Day, Year)	<i>Do not complete this line, not applicable to the CDBG program.</i>
	Project/Grant Period, To: (Month, Day, Year)	<i>Do not complete this line, not applicable to the CDBG program.</i>
9	Reporting Period End Date: (Month, Day, Year)	Enter the ending date of the reporting period. For quarterly reports, use the following reporting period end dates: 3/31, 6/30, 9/30, or 12/31.
10	<p>Transactions</p> <p>Enter cumulative amounts from the beginning of the reporting period through the end date of the reporting period specified in line 9.</p> <p>Use Lines 10a through 10c to report federal cash.</p> <p>Use Lines 10l through 10o to report program income.</p> <p>Use Line 12, Remarks, to provide other information, such as denoting amounts of program income generated by principal and interest from revolving loan funds or interest earned on grant advances.</p>	

Federal Cash		
10a	Cash Receipts	Enter total amount of funds received through IDIS draw downs from the beginning of the reporting period through the end date of the reporting period <i>plus</i> the cash on hand at the beginning of the reporting period.
10b	Cash Disbursements	Enter the cumulative amount of Federal fund disbursements (such as cash or checks) as of the reporting period end date. Disbursements are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expenses charged to the award, and the amount of cash advances and payments made to subrecipients and contractors.
10c	Cash On Hand (Line 10a Minus Line 10b)	Enter the amount of Line 10a minus Line 10b. This amount represents cash on hand at the end of the reporting period. If more than three business days of cash requirements are on hand, HUD requires an explanation. On Line 12, Remarks, explain why the drawdown was made prematurely or other reasons for the excess cash.
Federal Expenditures and Unobligated Balance: Do not complete this section.		
10d	Total Federal Funds Authorized	Leave it blank
10e	Federal Share of Expenditures	Leave it blank
10f	Federal Share of Unliquidated Obligations	Leave it blank
10g	Total Federal Share (Sum of Lines 10e and 10f)	Leave it blank
10h	Unobligated Balance of Federal Funds (Line 10d Minus Line 10g)	Leave it blank
Recipient Share: Do not complete this section.		
10i	Total Recipient Share Required	Leave it blank
10j	Recipient Share of	Leave it blank
10k	Remaining Recipient Share to be Provided (Line 10i Minus Line 10j)	Leave it blank
Program Income:		
10l	Total Federal Program Income Earned	Enter cash received as program income during the reporting period <i>plus</i> any program income cash on hand at the beginning of the reporting period.
10m	Program Income Expended in Accordance With the Deduction Alternative	Leave it blank

10n	Program Income Expended in Accordance With the Addition Alternative	Enter program income disbursed for eligible activities during the reporting period.
10o	Unexpended Program Income (Line 10l Minus Line 10m or Line 10n)	Enter the amount of Line 10l minus Line 10n. This amount represents program income on hand at the end of the reporting period.
11	Indirect Expense: Do not complete this section.	
11a	Type of Rate(s)	Leave it blank
11b	Rate	Leave it blank
11c	Period From; Period To	Leave it blank
11d	Base	Leave it blank
11e	Amount Charged	Leave it blank
11f	Federal Share	Leave it blank
11g	Totals	Leave it blank
Remarks and Certification		
12	Remarks	Enter and explain any other cash received, such as denoting amounts of program income generated by principal and interest from revolving loan funds or interest earned on grant advances. Explain any excess cash on hand as stated in line 10c.
13a	Typed or Printed Name and Title of Authorized Certifying Official	Enter the name and title of the authorized certifying official.
13b	Signature of Authorized Certifying Official	The authorized certifying official must sign here.
13c	Telephone (Area Code, Number and Extension)	Enter the telephone number (including area code and extension) of the individual listed in Line 13a.
13d	E-mail Address	Enter the e-mail address of the individual listed in Line 13a.
13e	Date Report Submitted (Month, Day, Year)	Enter the date the <i>FFR</i> is submitted to HUD using the month, day, and year format.
Agency Use Only		
14	Agency Use Only	This section is reserved for Federal agency use.

Grantees should direct questions regarding this Notice to their field office. Policy questions from field offices should be directed to the Entitlement Communities Division at (202) 708-1577 or the State and Small Cities Division at (202) 708-1322.

[Attachment](#)